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SUBJECT: Honduras Agrees on New Minimum Wage - 9-12 Percent
Raise for Workers Retroactive to January 1

1. After typically contentious and drawn-out negotiations between business and labor, the Honduran Special Commission for the Minimum Wage approved a 12 percent increase in the minimum wage for 2005 on March 19. The increase is retroactive to January 1, reverting to typical form after last year's raise which was not retroactive. The official decree signed March 28 was published in La Gaceta (akin to the Federal Registry) on April 1. The Special Commission includes the Government, the private employers' association (COHEP), and the three labor confederations.

2. The revised daily minimum wage scale is broken down by sector and by size of business: small (1-15 workers) and large (16 or more workers). The scale ranges from 61.26 lempiras (USD 3.25) per day for workers in small agriculture to 97.77 lempiras (USD 5.19) per day for workers in financial/insurance companies and workers in export-oriented businesses (including maquilas and certain commercial agriculture such as tobacco, coffee, bananas, and seafood). Workers in such areas as construction, services, mining, transportation, communication, etc. have minimum wages in between these two rates.

3. The minimum wage scale in 2004 ranged from 54.7 lempiras to 89.7 lempiras per day. This year's raise was approximately 12 percent for workers in small agriculture, and approximately nine percent workers at the top of the scale. Inflation was approximately 9.2 percent in 2004 according to the Central Bank.

Pierce